

STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:)	
)	
HOUSTON PERRY JOHNSON, III)	ADMINISTRATIVE ORDER
)	NO. OB-2014-0096
<u>RESPONDENTS</u>)	

ORDER TO BAR

The Alabama Securities Commission ("Commission"), having the authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act ("Act"), upon due consideration of the subject matter hereof, and having confirmed information of the offers for sale and/or sale of securities, into, within or from the state of Alabama, has determined as follows:

RESPONDENTS

1. HOUSTON PERRY JOHNSON, III ("JOHNSON") is an Alabama resident with an address of 2113 Bideford Drive SW, Huntsville, Alabama 35803.

STATEMENT OF FACTS

2. Information made available to the Commission indicates that JOHNSON, during the period of June 2009 through October 2012, acted as an agent for two separate companies, Outta My Head Productions, LLC ("OMHP") and Fiore International Corporation ("FIORE"), and solicited and sold unregistered securities to numerous investors. The OMHP securities offered and sold by JOHNSON were to investors located in Alabama. JOHNSON offered and sold FIORE securities to investors in Alabama, Georgia, Tennessee, Virginia and Michigan. All sales of securities for the two companies were made solely by JOHNSON.

3. The Commission initiated an investigation after receiving information that indicated JOHNSON offered and sold investments in OMHP. JOHNSON was listed as a

founder and Chief Executive Officer of OMHP in the company's business plan and promotional materials.

4. The investigation included a review of the bank records for OMHP. The review indicated a substantial amount of OMHP investor funds were used by JOHNSON for non-business related expenses and salary, and that JOHNSON was the only signatory on the OMHP bank account. JOHNSON produced copies of an employment agreement¹, signed by the investors after the fact, which granted JOHNSON a salary of \$175,000.00 per year.

5. In October 2012, JOHNSON met with the Commission staff to discuss the OMHP expenditures, and to provide additional information regarding the company's operations. JOHNSON and his attorney indicated that the company had fewer than 10 investors, and that OMHP was relying on an exemption from registration. At this meeting, and in subsequent conversations, JOHNSON failed to inform the Commission staff that he was offering and selling investments in FIORE at the time.

6. In March 2013, the Commission received information that JOHNSON had solicited and sold multiple investments in FIORE. The information revealed that, beginning in January 2012, JOHNSON offered and/or sold shares of FIORE stock to more than 30 investors in multiple states. The information provided also indicated that JOHNSON gave former OMHP investors shares of FIORE stock to replace their stock shares in OMHP.

7. The continued investigation of this matter revealed that JOHNSON, while an executive officer of FIORE, gave away and/or gifted a substantial amount of FIORE's authorized stock to individuals in an effort to settle previous personal debts that were

¹ The OMHP employment agreement referenced, and signed by each investor, states in part: "Houston P. Johnson III had my unconditional permission and as a condition of my monetary economic investment to pay himself a base salary of one hundred seventy five thousand dollars USD a year accumulated or non-accumulated at his discretion or his decision "ONLY"...". JOHNSON drafted this agreement and had the investors sign it after the Commission made inquiries to determine how investor funds were utilized.

unrelated to FIORE operations. According to records obtained in the investigation, JOHNSON gave away, or gifted, approximately 3,702,500 shares of the company's 4,900,000 shares of available stock. The information indicates JOHNSON provided these shares to friends and family, and to pay for previous personal debts such as: rent on his current residence and previous legal fees associated with OMHP.

8. Additional information gathered in the investigation includes copies of offering documents JOHNSON provided to prospective investors regarding information about FIORE and the company's operations. The offering documents were created by JOHNSON and were not authorized or reviewed by the other executive officers of FIORE. A review of the offering documents identified numerous misrepresentations and omissions of material facts. The documents state: "At present Fiore shares are selling at ten dollars a share with over 400,000 shares available for the first quarter of 2013.... We anticipate a rise in the stock value as the 'Fiore Flower Princess' enters and climbs in the market". The investigation revealed the majority of the company's shares were given away or sold at a nominal price of \$0.01 per share, and the remaining shares were sold at the price of \$1.00 per share.

9. The offering documents state: "In order to assure the success of our products we have prudently enlisted the resources and capabilities of major corporations, marketing firms, public relation firms, advertising firms, and web-marketing firms secured by contractual commitments to market, manufacturing and distribution to the worldwide marketplace." The Commission staff issued a subpoena to FIORE to produce copies of the purported contracts. As of the date of this order, JOHNSON has not produced the referenced contracts.

10. The prospectus created by JOHNSON claims FIORE received "great reviews" and "100% positive feedback" from focus groups regarding the company's product (dolls). On October 23, 2013, during a meeting at the Commission offices, JOHNSON admitted to Commission staff that no focus groups were ever conducted and no records of any focus group have been produced by JOHNSON or identified through

investigative efforts.

11. The offering documents list several biographies for "Potential Board of Advisor" members. The lavish biographies do not include names of individuals, and company documents provided by FIORE do not indicate the existence of a Board of Advisors. Interviews with current FIORE executive officers indicated that all management decisions and actions were conducted by current FIORE executive officers.

12. A review of the files of the Alabama Securities Commission Registration Division disclosed no record of registration for JOHNSON as a Securities Agent or Dealer in the state of Alabama.

13. A review of the files of the Alabama Securities Commission Registration Division disclosed no record of registration for OUTTA MY HEAD PRODUCTIONS, LLC, nor any perfected exemption from registration.

14. A review of the US Securities and Exchange Commission's EDGAR website indicates FIORE filed a Regulation D (Rule 506) Notice of Exempt Offering of Securities form on April 29, 2013. The company provided a notice filing to the Alabama Securities Commission on April 30, 2013, stating its intent to offer exempt securities in the State of Alabama.

CONCLUSIONS OF LAW

15. JOHNSON is not registered as a Securities Dealer or Agent in the state of Alabama. Pursuant to Code of Alabama 1975, Section 8-6-2(2), an agent is any person who represents a dealer or issuers in effecting securities transactions in this State. Information obtained during the investigation revealed JOHNSON represented both OMHP and FIORE in effecting securities transactions in this State and is an agent as defined by the Alabama Securities Act.

16. Pursuant to Code of Alabama 1975, Section 8-6-3(a), it is unlawful for any person to transact business in this state as an agent unless such person is registered under the Act. JOHNSON transacted business as an agent of OMHP and FIORE while not being registered with the Commission, in violation of the Act.

17. Pursuant to Section 8-6-17(a)(2), Code of Alabama, 1975, it is unlawful for any person, in the connection with the offer, sale or purchase of any security, directly or indirectly, to: Make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. Information obtained during the investigation revealed JOHNSON made numerous misrepresentations of material facts in the offering documents he provided to prospective investors, and JOHNSON conducted such offerings in violation of section 8-6-17(a)(2) of the Act.

This Order does not prevent the Alabama Securities Commission from seeking such other civil or criminal remedies that are available to it under the Act.


This Order is appropriate in the public interest for the protection of investors and is consistent with the purposes of the Act.

ACCORDINGLY, IT IS HEREBY ORDERED that RESPONDENT be **BARRED** from registration, or engaging in securities activities into, within or from the state of Alabama.

Entered at Montgomery, Alabama, this 10th day of April, 2014.



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BY:


JOSEPH P. BORG
Director